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EIC-M-43

ECONOMIC INTELLIGENCE COMMITTEE

Minutes of Meeting Held in  
Room 2125, Temporary "M" Building  
26th Street and Constitution Avenue N. W.

7 April 1955

PRESENT

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Dr. Otto E. Guthe, CIA, Chairman

[REDACTED] CIA, Vice Chairman

Colonel William C. Baird, Air Force

Mr. Arthur Blaser, Treasury

Colonel Lyman Bothwell, Army

Mr. Bennett Davis, Navy

Mr. Edward Deherly, State

Mr. John Easton, JCS

Mr. Kingsley Hamilton, Air Force

Mr. Arthur Hersey, Federal Reserve

Mr. Duncan Holmes, Army

Dr. Norris Kenny, OSD

Mr. Fred Ritchie, FOA

Mr. Emil Schnellbacher, Commerce

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Commander Burns Spore, Navy

[REDACTED] EIC Subcommittee on International

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Trade and Finance

[REDACTED] EIC

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[REDACTED] EIC, Executive Secretary

ANNOUNCEMENTS

1. Discussion: The Chairman made the following announcements:

a. The minutes of the EIC meeting of 20 January 1955 (EIC-M-42) had been approved, as revised, by interim action.

b. The EIC had approved by interim action, as of 16 February 1955, the establishment of a Subcommittee on Shipbuilding (EIC-D-92). The terms of reference of this subcommittee (EIC-D-94) had also been

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approved by interim action, as of 22 March 1955. The designation of Cdr. Harry J. Hulings of ONI as chairman of the new subcommittee (EIC-D-99) had been approved by interim action as of 7 April 1955.

c. The proposal for a special working group on AFV (proposed in column 5 of EIC-S-1/7. "Priority Research Deficiencies of the Subcommittee on Armaments," 17 January 1955) had been approved by Army, Air, and CIA, the three agencies immediately concerned. } 7

d. The proposal of the Subcommittee on Petroleum for a subcommittee project to develop coordinated estimates of peacetime petroleum demands of the Soviet armed forces (EIC-D-93) had been approved by interim action, as of 29 March 1955.

e. The terms of reference of the EIC Working Group on Guided Missiles Economic Intelligence (EIC-D-94) had been approved by interim action as of 31 March 1955. The Chairman noted that this group had started off actively, and had already assembled considerable preliminary data on indicators.

f. The survey of Priority Research Deficiencies of the Subcommittee on Minerals and Metals (EIC-S-1/10a and EIC-S-1/10b, 27 December 1954) had been approved by interim action as of 10 March 1955. The Chairman noted that by next fall it should be possible for the subcommittee to make a more precise identification of the priority deficiencies.

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g. The appointment of [REDACTED] of CIA/ORR as the new Chairman of the Subcommittee on Minerals and Metals had been approved by interim action as of 29 March 1955 (EIC-D-95).

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j. The Committee noted the new members of the EIC and of its subcommittees and working groups -- a list of whom had been distributed prior to the meeting.

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PROGRESS REPORTS ON CURRENT EIC PROJECTS

2. Discussion:

a. EIC-SR-3, "Institutions and Arrangements in International Trade and Finance within the European Soviet Bloc".

25X1A9aC [REDACTED] reviewed the history of this study, indicating that a number of significant changes in the institutions and arrangements in the European Satellites during the period of publication of the study, after its approval for publication by the EIC, called for revision and up-dating of the study. This has now been accomplished. Most of the members of the Subcommittee on International Trade and Finance have approved the revised version. After subcommittee approval has been completed, EIC approval for publication of the study as a subcommittee report will be requested.

b. EIC-P-6, "Economic Capabilities of the Soviet Bloc to Support a General War".

The Chairman reported that all contributions had been submitted to ORR. It is unlikely that ORR will be able to present a draft of its material to the Working Group before June 1955.

c. EIC-P-8, "Soviet Bloc's 1955-56 Military Transport Capability to Launch and Support Campaigns into the Area Between the Baltic Sea and the Alps".

The Chairman reported that the Working Group on Transportation Logistics, which had been set up to complete the substantive analysis needed for EIC-P-8, is preparing a draft of the material on railroads. When completed, this draft will represent somewhat over 50 percent of the job. The group must then review the material on highways and inland waterways.

d. NIE 11-5-55, "Soviet Air Defense Capabilities".

It was reported that a draft of Step 3, "Soviet Bloc Economic Capabilities to Support Current and Projected Air Defense System", should be available to the EIC Working Group for review and coordination sometime in the last part of April.

e. EIC-S-19, "1954 Annual Report of Internal and External Economic Research Projects on the Soviet Bloc".

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The Executive Secretary reported that this report is being typed for reproduction. He anticipated that it will be reproduced and disseminated sometime in May.

f. EIC-S-20, "Report of Economic Research on Selected Non-Soviet Bloc Areas."

Completion of this report is awaiting State's contribution, which is expected shortly.

g. EIC-R1-S4, "Communist China's Imports and Exports, 1954: Trade and Transport Involved."

It was reported that pre-conference work on the statistical compilations of cargo and cargo transport has been progressing satisfactorily. The date for the beginning of the plenary conference with UK representatives has been postponed from 25 April to 9 May 1955.

#### DISCUSSION OF AND ACTION ON EIC-P-5

3. Discussion: The Chairman noted that this study on "The Balance of Payments of the Soviet Bloc with the Free World 1948-53" is the first systematic study on this subject. Although the Subcommittee on International Trade and Finance originally envisaged its task as one primarily of integrating available information (largely on trade) into a single study, it subsequently also developed new information, particularly on invisibles (largely the shipping account) and capital movements.

Federal Reserve made a major contribution to this study, and significant contributions were made by CIA, State and Commerce.

It was agreed that the Subcommittee should be commended for the preparation of this report.

Certain members were unable to consider definitive approval of the study during the meeting, and asked that further consideration be carried over until they had had an opportunity to satisfy themselves on related issues. The Department of State representative wished to be recorded as opposing postponement of approval of the study since he held that any substantive issues involved should be considered on their own merits at this time.

#### 4. Action:

a. The Secretariat was directed to draft a commendation to the subcommittee, for the Chairman's signature.

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b. The EIC agreed that since some members were unable to consider the paper finally at this meeting, final consideration would have to be postponed for the time being. All concerned were asked to expedite their agencies' further examination of the paper, so that final action on it might be taken with a minimum of delay.

DEVELOPMENTS RELATING TO AGREEMENT OF BASIC STATISTICS

(Postponed to a later meeting.)

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Executive Secretary  
Economic Intelligence Committee

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